

AGN. NO.

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

FEBRUARY 12, 2013

COURT COLLECTIONS AUDIT

The value of uncollected judgments issued by the Los Angeles Superior Court (Court) totals over \$1 billion and represents a significant revenue loss to the County of Los Angeles (County). Approximately 480,000 cases of uncollected court fines and fees valued at \$380.2 million are referred annually to a contract collection agency when a fine or fee has not been paid, a court appearance date has been missed, or a fine or restitution is not paid after an appearance in Court. On the average, 25% of these cases are settled judicially. For those cases that are not settled, the collection agency attempts to collect the delinquent criminal fines and fees for three years. The contractor has had success rates ranging from 20% to 30% on the remaining delinquent accounts. The accounts that remain uncollected after three years are referred to the Franchise Tax Board Court (FTB) for collection. The FTB is responsible for these accounts for 18 to 24 months and typically has less than a 10% collection rate. Accounts that are uncollectible by the FTB are released back to the collection agency after 24 months and are

- MORE -

MOTION

MOLINA _____

YAROSLAVSKY _____

KNABE _____

ANTONOVICH _____

RIDLEY-THOMAS _____

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS
FEBRUARY 12, 2013
PAGE 2**

considered for debt write-off.

To date, primary and secondary collection efforts have had limited success in collecting judgments and reducing the number of delinquent accounts. Given the volume and significant value of delinquent accounts, it is important to identify and understand how the County can increase the efficacy of its collections efforts. If more effective and comprehensive efforts aimed at collection of delinquent accounts could result in significantly more revenue for the County, then those efforts should definitely be identified and pursued.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

- 1) Direct the Chief Executive Officer to release a Request for Proposal (RFP) for tertiary court collection efforts within 30 days; and
- 2) Direct the Auditor-Controller to conduct an audit of Los Angeles County's existing court collections contract and report back in writing within 30 days. The report should:
 - a) Describe the efficacy of the existing primary and secondary collection efforts;
 - b) Describe how collection efforts have increased or decreased over the last five fiscal years and the dollar value of any revenue fluctuations;
 - c) Explain the importance of technology and systems in the current collections process including how the existing system contributes in aiding or impeding collection efforts;
 - d) Recommend steps that can be taken by the County to further maximize its collection efforts; and

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS
FEBRUARY 12, 2013
PAGE 2

- e) Identify any limitations in the existing collections contracts and/or court operations or procedures that would prevent the County from maximizing its collection efforts.

#